

THE GRAVES SCHOOL DISTRICT

McFadden Road and Castroville Highway
P.O. Box 885
Salinas, California 93902
(831) 422-6392 Fax (831) 422-3211

February 13, 2001

Elaine Osborn
Principal

TO: The Honorable Robert O'Farrell
Presiding Judge of the Superior Court
Coordinated Trial Courts, Monterey County
240 Church Street
Salinas, CA 93901

FROM: Graves School District

RE: Grand Jury Response

Following are responses to your December 31, 2000 report:

FINDINGS

1. Sixteen of the 19 responding school districts and one community college responding to the Grand Jury's survey spend lottery funds on employee salaries.

RESPONSE: There are no employee salaries paid out of lottery funds.

2. At the time of the Grand Jury's survey, there was no evidence that any lottery education revenues were being spent for prohibited purposes in Monterey County.

RESPONSE: Graves does not spend lottery revenues in prohibited expenditures.

3. Four of the 19 responding school districts place lottery moneys in their general funds without further tracking. This does not comply with the California Government Code, Section 8880.5. In addition, these school districts will be unable to verify compliance with the Cardenas Act of 2000.

RESPONSE: The Graves School District sub funds the lottery expenditures in the general fund and therefore tracks their revenues and expenditures.

4. Fifteen of the 19 responding school districts, both community colleges and the County Superintendent do have special tracking accounts. However, for many of the reporting districts, these designated accounts do not contain sufficient detail to verify compliance with the Cardenas Textbook Act of 2000.

RESPONSE: The Graves School District will continue tracking of the lottery funds and will detail each expenditure.

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RECOMMENDATIONS

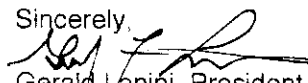
1. The County Superintendent and all Monterey County school districts receiving revenue from the California lottery verify that they have established and are maintaining separate accounts for the receipt and expenditure of these funds as required by Section 8880.5 of the California Government Code.

RESPONSE: The Graves School District is maintaining separate accounting for the lottery funds.

5. The County Superintendent and all Monterey County school districts review their accounting practices to facilitate tracking and compliance with the new requirements of California's Cardenas Textbook Act of 2000 as defined in Section 8880.5 of the California Government Code.

RESPONSE: Graves is reviewing their accounting procedures at this time to comply with the California Cardenas Textbook Act of 2000.

Sincerely,



Gerald Lanini, President
Board of Trustees